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Viewing cable 08ASUNCION624, LUGO FOCUSES ON COUNTERNARCOTICS, MICROENTERPRISE

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Reference ID	Created	Released	Classification	Origin
08ASUNCION624	2008-09-05 18:58	2011-08-30 01:44	CONFIDENTIAL	Embassy Asuncion

Appears in these articles:

<http://www.abc.com.py/nota/lugo-no-confia-en-algunos-ministros-ni-asesores-cercanos>

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C O N F I D E N T I A L ASUNCION 000624

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SUBJECT: LUGO FOCUSES ON COUNTERNARCOTICS, MICROENTERPRISE

Classified By: DCM Michael J. Fitzpatrick; reasons 1.4 (b) and (d).

¶1. (C) SUMMARY: President Lugo expressed interest in closer counternarcotics cooperation with the United States and requested U.S. assistance with microenterprise development during a Friday, August 29 dinner with the Ambassador. Lugo made clear that he does not trust some of his closest advisors or cabinet ministers. During dinner, which took place before the weekend rumors emerged regarding coup planning, Lugo told Ambassador about a tape recording of former President Duarte and General Lino Oviedo betting that Lugo will last only three to eight months in office. Lugo told the Ambassador his two goals are to strengthen democracy and make public institutions work. In his now-characteristic warm style, the president told the Ambassador that he wants to continue meeting officially as well as unofficially "with discretion." Lugo mentioned that he enjoys using his "pastoral" personality as president to reach out to local government. Lugo's dinner invitation is another sign of his interest in close relations with the United States. END SUMMARY.

AN OPPORTUNITY FOR CLOSE COUNTERNARCOTICS COOPERATION

¶2. (C) Lugo invited Ambassador Ayalde, USAID Director, and Pol/Econ Chief to dinner August 29 at his residence, where he expressed interest in closer counternarcotics cooperation with the United States. Lugo was accompanied by new SENAD (Paraguay's counternarcotics agency) Director Cesar Aquino (septel bio report), who has been his close friend for 30 years, as well as Omar Castorino, a wealthy architect who is a behind-the-scenes-player in Paraguayan politics. Aquino told the Ambassador of his plans to travel to Brazil and other Southern Cone countries the week of September 1-5 to coordinate on counternarcotics. He mentioned the possibility that Brazil might work with Paraguay on alternative development programs near their shared border. Aquino repeated that he is interested in improving Paraguay's microtrafficking and demand reduction efforts; Lugo was supportive of Aquino's goals. Castorino asked whether counternarcotics could be part of Paraguay's second MCC Threshold Program; USAID director reminded the group that it is mainly up to Paraguay to design its own proposal based on its priorities. (NOTE: Counternarcotics is not identified in the GOP's near-final proposal to MCC for the Stage II Threshold Program. END NOTE).

MICROENTERPRISE DEVELOPMENT

¶3. (C) Lugo asked the Ambassador for support for microenterprise development, particularly for small land owners. Lugo appreciated Secretary Gutierrez' visit and confirmed his interest in strengthening commercial ties. Lugo mentioned increasing Paraguayan exports of sesame, organic sugar, tartar, cotton and stevia to the United States. He also asked that U.S. assistance focus on Paraguay's three poorest departments -- San Pedro, Caazapa and Neembucu. Lugo noted that (his adopted home department of) San Pedro has been isolated throughout Paraguay's history and that past administrations had politically persecuted many of its inhabitants, including his uncle (an early Colorado opponent of Stroessner). He also expressed interest in continued USAID health programs.

PARAGUAYAN POLITICS

¶4. (C) Lugo made clear to the Ambassador that he does not trust some of his closest advisors or cabinet ministers, telling her that Aquino and Castorino are "of confidence."

Lugo lamented that he does not have more women in his cabinet, and called his Minister of Health, Esperanza Martinez, his only hope (playing on the fact that her name in Spanish means hope). Castorino and Aquino stressed the importance of briefing the president directly on important issues such as the MCC Threshold Program so he can maintain control. With respect to his relations with Vice President Franco, Lugo said Franco "wanted more" than the vice president's traditional role as a liaison to Congress. (NOTE: Ambassador paid a courtesy call on Franco September 3, during which Franco alluded to "distance" between him and Lugo. Franco purports to want to keep Paraguay on a moderate, centrist course, but left Ambassador with the distinct impression that he is out of the political loop. END NOTE).

15. (C) During dinner, which took place before the rumors emerged regarding a planned coup (reftel), Lugo told Ambassador about a tape recording of former President Duarte and General Lino Oviedo betting that Lugo will last only three to eight months in office. He also worried about the Congressional deadlock over President Duarte's attempts to assume his senate seat. (NOTE: Coup rumors, which were over-exaggerated in the first place, have since blown over. The current Senate crisis ended September 4, when UNACE changed its position to vote with Lugo's Alliance and others to make President Duarte an honorary senator (with voice but no vote) as mandated by the constitution. END NOTE). Lugo also promised a "big announcement" this week, related to evidence he will produce about attempted bribes and "briefcases" full of cash. (NOTE: News broke early September 5 about the Lugo administration bringing charges against managers (mostly Colorados) scattered throughout Paraguay's port authority accepting large bribes. END NOTE).

LUGO'S GOALS

16. (C) Lugo, clearly a big picture thinker, told the Ambassador that when he leaves office, he hopes his legacy will be that he strengthened democracy and made public institutions work. "I don't want to get rich," he said. Instead, he said he plans to retire in five years to reflect and perhaps write a book on his administration. Lugo revealed a dim view of the courts, the public ministry, and prosecutors given low conviction rates. "If (the prosecutors) were any good," he said, "more people would be in jail." Lugo also said it was a "shame" that public perceptions of the judiciary are low, referring to a recent event at which Supreme Court President Nunez was prevented from speaking because the crowd booed him.

LUGO REACHING OUT, TO US AND OTHERS

17. (C) In his now-characteristic warm style, the president told the Ambassador that he wants to continue meeting officially, as well as unofficially "with discretion." Lugo also offered the Ambassador some insight into the Embassy's history in Paraguayan politics. He told her about past rumors that the Embassy was behind Marzo Paraguayo, the March 1999 demonstration in which eight students were killed, and that there are similar rumors today that the Embassy "put Lugo in office." Lugo said matter-of-factly that it had been a frequent historic practice for the Embassy to meddle in internal Paraguayan affairs. Ambassador welcomed Lugo's insight and assured him that different styles are appropriate for different times, but that her intention was to respect Paraguay's sovereignty and ensure Lugo's success.

18. (C) Lugo mentioned that he enjoys using his "pastoral" personality as president to reach out to local government. He mentioned his first trips outside the capital, where he was the first president to meet with a group of mayors; Lugo said he plans to meet Paraguay's governors once a month. Lugo mentioned that he had given out checks to some Roofless Movement leaders, but "with accountability-- not like

before." "

MORE PERSONAL INSIGHTS

¶9. (C) Lugo spoke fondly of his time in Ecuador, where his parish (four nuns and two priests) cultivated cocoa, harvesting the crop several times a year in order to cover the parish's expenses. Lugo said he has started sleeping at the presidential residence, Mburuvicha Roga, as he likes to walk in its gardens at 5 a.m. daily with former marathon runner and "shadow" Marcial Congo (NOTE: Sensitive reporting indicates that Congo has close ties to Chavez. END NOTE). Lugo also told the Ambassador that he used to play the guitar and enjoys music (even inviting a folksy guitarist to play during dinner). He again mentioned his mission trip to Texas and Chicago, which was his only trip to the U.S. prior to his summer 2007 visit to Washington, D.C. and New York. At dinner, Lugo allowed his waiters to fuss over him, eating two desserts at one waiter's insistence because he hadn't eaten all day. Lugo also told the Ambassador he had decided to donate his salary to the indigenous, as while he is living in the presidential residence, "what could he possibly need?"

COMMENT

¶10. (C) Lugo's dinner invitation is another sign of his interest in close relations with the United States. Lugo clearly appreciates offers of U.S. support and assistance, as well as the Embassy's efforts to steer clear of internal politics. The Ambassador again explained the importance of an October 22 meeting with President Bush, and Lugo promised to respond formally within two weeks. (NOTE: Late September 4, Lugo's chief of staff called Pol/Econ Chief to formally accept the invitation. END NOTE). The Washington visit will be an important opportunity to shore up Lugo's government early on. Given the challenges that Lugo has faced in his first few weeks in office, it appears he's going to need our support. END COMMENT.

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AYALDE